

DIRECTORATE OF  
OPERATIONS

## Intelligence Information Report

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

25X1A

COUNTRY USSR

DCD REPORT NO.

SUBJECT Science Policy Exchange/Lagging  
Commercial Trade Negotiations

DATE DISTR.

NO. PAGES

REFERENCES

DATE OF INFO

PLACE &amp; DATE

SOURCE

25X1X

1. Recent formal and informal meetings of the US-USSR Exchange Commission on Science Policy have disappointingly dealt mostly with form and little with substance. The September 1974 meetings held in Moscow produced agreement on the format for further information exchange, principally by exchanging questions and answers, and examining detailed case studies, and establishment of a timetable for the submission of information with April 1976 the target date for completion of a report. In some respects, both sides have been handicapped by lack of leadership and bureaucratic fumbling.
2. The Soviets seemed less willing to be candid during the September, 1974 visit to the USSR than on previous occasions. Visits to facilities usually resulted in a short tour and briefing by middle level officials spouting ideology and textbook answers. A case in point was the visit to the Central Scientific Research Institute of Technical Economic Studies and Information of the Chemical Industry. The US delegation was hosted by G. F. Borisovich, Deputy Director of Research Work at the Institute. The translator provided by the Ministry of Chemical Industry was abysmally bad and communication was very difficult. Borisovich limited his remarks to general operations of the institute and refused to discuss specific projects. He was critical of the classical US industry approach of setting prices high at the outset of introducing a new product to recover R & D costs and then dropping the price to acquire a share of the market. He said the USSR has the interests of the consumer more at heart than does the US businessman, pointing out that the Soviet chemical industry will often subsidize the cost of a new product in order to make it available to those who need it. He also said that 10 percent of the research carried out at the institute is exploratory or basic in nature, but he refused to give any specific examples.

5  
4  
3  
2  
1

3007-60-2

5  
4  
3  
2  
1

U

YES

S

YES

C-O-N-F-I-D-E-N-T-I-A-L

Classified by 007622. Exempt from  
general declassification schedule of E.O.  
11652. Exemption category: 25X1A

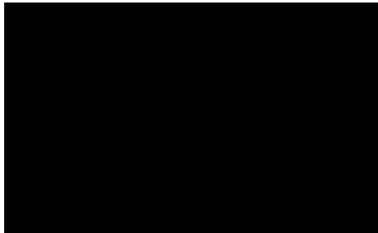
0109 SET SCIENCE POLICY

3. The formal exchange program does not seem to be resulting in increased commercial negotiations between Soviet industry and companies with representatives on the US exchange team. During a 1973 visit to the USSR by a group of leading US industrialists involved in research and development, Dr. K. V. Vinogradov, Deputy Head of Science and Technology Division of the Ministry of Chemical Industry, told one US businessman that the Soviets had recently developed a process for production of polyvinyl chloride (PVC) by continuous polymerization that the USSR was interested in marketing to the West. Recent revelations that US workers involved in PVC manufacture were experiencing a high incidence of cancer has made US industry very interested in a continuous polymerization process because it releases less monomer into the environment than does the batch process used by US industry. Repeated attempts by one US company representative involved in the exchange program to initiate negotiations for acquisition of the Soviet continuous polymerization process have been completely unsuccessful. If, in fact, the Soviets do have a process that could reduce the cancer danger in PVC manufacture, they seem little interested in marketing that technology at the present time.
4. Earlier in 1974, at a June meeting in Washington, D.C., sponsored by the US Industrial Research Institute in collaboration with the US-USSR Joint Commission on Scientific and Technical Collaboration, several Soviets discussed experiences illustrating the Soviet R & D process at work.
  - a. Dr. Oleg V. Filatov, Director, Svetlana Scientific and Production Association, Leningrad, said that he has reorganized the technical efforts of his production facility in the three years since he has been in charge of the association in such a way as to tie development efforts more directly to the needs of production plants. His procedures have reduced the R & D cycle from 45 months to 21 months, with a resulting improvement in manufacturing productivity and R & D effectiveness.
  - b. Dr. Oleg M. Larichev, Laboratory Chief of the Institute of Management Problems, mentioned that his group had achieved success collaborating with the Moscow Institute of Mines in studying thousands of alternatives in the choice of technologies for expansion of the coal mining industry.
  - c. Dr. Sergey V. Nemchinov, Deputy Head of the Science Management Department, Academy of Science, highlighted the basic research work of the Academy in relation to Soviet R & D efforts. He described in particular, how a laboratory development on adsorption of contaminants in fats was commercialized within the short period of one year.
  - d. Dr. K. A. Yefimov, Head of the Department for Planning R & D Transfer of the State Committee for Planning, discussed how the State Committee works with the Gosplan and other agencies in planning and monitoring major programs such as mechanization of agriculture, re-equipment of the coal industry, automation of the ferrous metallurgy industry, and automation of the forest industry. He emphasized the long term nature of planning and allocation of resources, pointing out that 100 billion rubles have been allocated to achieving doubled labor productivity in agriculture over the next several years and how plans calling for the reduction in manpower of more than three million people will be achieved in animal husbandry by utilizing improved technology and planning.
  - e. Dr. Eugene I. Shklyarov, Chief of the Scientific Organization, Department of the State Committee for Science and Technology, said in a private conversation that one conclusion he has reached is that it appears the USSR is concentrating most of its efforts in creating more new technology that can be useful while US research managers are paying more attention to developing technology that will be commercially marketable rather than what is most useful to society.

- end -

---

STATINTL



*extracted*

ADVANCE COPY ISSUED/SLOTTED		BY	AT	Z	STATE MESSAGE	
ACTION UNIT	I	RF. FILE	<i>04/8013, CGS/HSG</i>		4	
ACTION #	N				5	
	F		<i>OPR 2, ORU OER 3, SB 7, OSI/PSTD 4</i>	3	6	
	O		<i>DDST 2, DCD INDIC</i>			
T 174863		EIA241		PAGE 01-01	NC 53366	
				STATSPEC		
TOR:080907Z JUN 74						

R 072214Z JUN 74  
 FM SECSTATE WASHDC  
 TO AMEMBASSY MOSCOW 2576  
 BT  
 UNCLAS STATE 121038  
 E.O. 11652: N/A  
 TAGS: TGEN, OTRA, UR  
 SUBJECT: S&T AGREEMENT: SCIENCE POLICY  
 REF: MOSCOW 8525  
 FOR SCICOUNS  
 FOLLOWING OUTLINES ITINERARY FOR SKLYAROV GROUP:  
 JUNE 16 - ARRIVE NEW YORK  
 JUNE 17-18 - VISIT TO BELL LAB AND RCA  
 JUNE 19 - TRAVEL TO WASHINGTON  
 SKLYAROV MEETING WITH BECKLER AND LYON  
 JUNE 20-21 - IRI MEETING  
 JUNE 22-23 - TRAVEL TO LOS ANGELES  
 JUNE 24 - VISIT TRW AND TRAVEL TO SAN FRANCISCO  
 JUNE 25 - VISIT STANFORD  
 JUNE 26 - TRAVEL TO NEW YORK  
 DEPARTURE FOR MOSCOW. KISSINGER

*Handwritten:*  
 [Signature]  
 [Signature]  
 [Signature]  
 SCIENCE POLICY

ADMIN INTERNAL USE ONLY